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SUBJECT: ARGENTINA: SIX-DAY AGRICULTURAL STRIKE ENDS WITH LITTLE
FANFARE

REF: Buenos Aires 1363

11. (U) Summary: Without the fanfare of previous strikes, the agricultural sector ended its latest strike against GOA agricultural policies on Wednesday, October 8 - at least for now. Compared to other agricultural protests in the previous seven months, this strike was a non-event, as it attracted less turnout than anticipated/hoped by the sector. Agricultural leaders called the strike a success in that the sector showed it can shut down commodity sales without cutting roads. They privately recognized, however, that the government had not been affected by the strike. One day after the close of the six-day strike, Agriculture Secretary Carlos Cheppi announced the reform package anticipated since last week (Reftel). The package primarily consisted of limited subsidies and credits, and was met with little enthusiasm by producers who called it "more of the same." The plan did not make changes to export taxes, as was hoped, and did not address farmers' concern with dairy and beef cattle production issues. Farm leaders said they will meet October 15 to determine what actions/strategy they will adopt in the future. End Summary

STRIKE ENDS WITHOUT IMPACT OF PREVIOUS RALLIES

12. (U) Without the fanfare of previous strikes, the agricultural sector ended its latest strike against GOA ag policies on Wednesday, October 8 - at least for now. Agricultural leaders staged a final rally in San Pedro, Buenos Aires province (the same spot where the first strike against variable export taxes occurred in March) and a march at the Argentine Congress to mark an end to their six-day action.

13. (U) Rallies during the strike, as well as both closing events on Wednesday, showed less than anticipated/hoped turnout by the sector. Approximately 5,000 producers (almost all small farmers and members of the Argentine Agricultural Federation (FAA)) attended the rally in San Pedro -- a far cry from the sector's 250,000-strong demonstration in Buenos Aires on July 15. The march on Congress drew an estimated 2,000, including both producers and members of leftist social organizations. Middle-class support for the rural sector seen previously in the months-long conflict was almost non-existent during this latest strike effort.

14. (U) Despite the limited participation in protests, agricultural leaders called the strike a success in that the sector showed it can shut down commodity sales without cutting roads. Cattle and grain sales were sharply lower during the strike. Press reports indicate that ag leaders privately recognized, however, that the government had not been affected by the strike. In public, the ag leaders did

not speak to their concern about the limited participation, and continued to criticize the GOA for lack of movement on their issues.

OFFICIALS ANNOUNCE AGRICULTURAL PLAN

15. (U) One day after the closing events of the six-day strike (Thursday, October 9), Agriculture Secretary Carlos Cheppi announced the reform package awaited since last week (Ref). The Plan consists of subsidies for the agricultural sector totaling approximately 3.4 billion pesos. The money will be distributed in the form of: ARP 1 billion for credit programs; ARP 900 million for infrastructure projects; ARP 718 million for family agriculture; ARP 300 million for regional economic issues; ARP 250 million for the tobacco sector; and ARP 200 million for drought assistance to producers, of which ARP 50 million will be directed to wheat farmers and ARP 150 million for cattle farmers.

16. (U) Agricultural leaders were not surprised by the GOA announcement and are skeptical about GOA commitment to make fundamental changes sought by producers. Ricardo Buryaile, Vice President of the Argentine Rural Confederation, stated that the plan announced was "more of the same," and done "for the front page of newspapers to make the public believe the government is helping producers." The plan did not resolve the issue of export taxes, for which farmers want reductions for small farmers, especially in the wake of the current global financial crisis. GOA officials stated that they will not make adjustments to export taxes at this time and that to do so would be "risky" for the country due to the current financial crisis. Buryaile also pointed out that the GOA did not address, as was hoped and expected, the fundamental problems for beef and dairy farmers, which according to producers are onerous government intervention in the market and export restrictions. Farm leaders said they would meet October 15 to determine what actions/strategy they will adopt in the future.

Comment

17. (SBU) Argentina's fifth agricultural strike against GOA policies since March shows that farmers have not/not been appeased by Congress' rejection of the GoA's variable export tax proposal and the limited movement to reduce export restrictions. Nor are they happy with the recently announced subsidy package. It would appear, however, that there has been a clear weakening of middle-class support for the agricultural sector, perhaps due to the distraction of a growing global financial crisis and plummeting commodity prices. A rally of 5,000 farmers in a distant rural town is not exactly a show of force. It would appear that the farmers have lost much of their momentum to pressure GOA movement on their issues, which could make a successful negotiation with the government more difficult. End Comment.

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